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BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**

KRISTIN K. MAYES - Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

IN THE MATTER OF TRICO ELECTRIC  
COOPERATIVE, INC.'S APPLICATION FOR  
APPROVAL OF A NET METERING TARIFF

DOCKET NO. E-01461A-09-0450

**STAFF'S NOTICE OF FILING DIRECT  
TESTIMONY**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Direct Testimony of  
Barbara E. Keene the Utilities Division in the above docket

RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of November 2010.

Maureen A. Scott, Senior Staff Counsel  
Janice Alward, Chief Counsel  
Scott Hesla, Staff Attorney  
Legal Division  
Arizona Corporation Commission  
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Phoenix, Arizona 85007  
(602) 542-3402

Original and thirteen (13) copies  
of the foregoing filed this  
16<sup>th</sup> day of November 2010 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission

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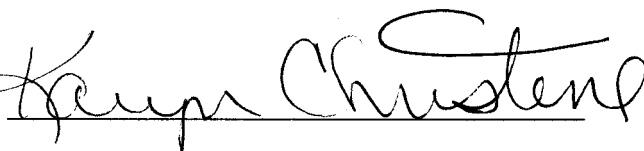
1 Copies of the foregoing mailed this  
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8600 West Tangerine Road  
9 Post Office Box 930  
Marana, Arizona 85643

10 John Wallace  
11 Grand Canyon State Electric Cooperative, Inc.  
120 North 44<sup>th</sup> Street, Suite 100  
12 Phoenix, Arizona 85034

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14   
15

**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

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IN THE MATTER OF TRICO ELECTRIC )  
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\_\_\_\_\_ )

DOCKET NO. E-01461A-09-0450

DIRECT

TESTIMONY

OF

BARBARA KEENE

PUBLIC UTILITIES ANALYST MANAGER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 16, 2010

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**EXECUTIVE SUMMARY  
TRICO ELECTRIC COOPERATIVE  
DOCKET NO. E-01461A-09-0450**

Staff finds that Trico's net metering administrative charge of \$3.38 per month, as originally recommended by Staff and approved by the Commission, is reasonable, cost-based, and in compliance with the Net Metering rules.

**INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Barbara Keene. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Utilities Division of the Arizona Corporation Commission as a Public Utilities Analyst Manager. My duties include supervising the energy portion of the Telecommunications and Energy Section. A copy of my résumé is provided in Appendix 1.

**Q. As part of your employment responsibilities, were you or someone under your direction assigned to review matters contained in Docket No. E-01461A-09-0450?**

A. Yes.

**Q. What is the subject matter of this testimony?**

A. The purpose of Staff's testimony is to address the net metering administrative charge for Trico Electric Cooperative, Inc. ("Trico"). Although other matters may have been raised by the other parties, Staff's testimony is directed to Trico's net metering administrative charge.

**TRICO'S NET METERING ADMINISTRATIVE CHARGE**

**Q. Are Trico's costs to serve net metering customers different from the costs to serve standard rate customers?**

A. Yes. Net metering is a vastly different service from standard rate metering. With net metering, both load and generation must be metered and recorded. This requires

1 additional facilities and communications. Communications is the two-way data transfer  
2 equivalent to electronic meter reading. Costs associated with communications and with  
3 the additional facilities should be recovered in the monthly customer charge  
4 (administrative charge).

5  
6 **Q. Has Trico provided cost information to support the \$3.38 administrative charge, as**  
7 **required by A.A.C. R14-2-2305?**

8 A. Yes. Trico provided cost support in its original filing, and further cost detail in testimony.  
9 A communication charge for a net metering system is \$5.00 per month as shown on  
10 invoices from SmartSynch, Inc. The net metering administrative charge is the increased  
11 cost over what is in standard rates for the monthly communications fee. The standard  
12 tariff monthly customer charges, as approved by the Commission in Trico's last rate case,  
13 include meter reading costs of \$1.62. The difference between \$5.00 and \$1.62 is the \$3.38  
14 net metering administrative charge as previously recommended by Staff and approved by  
15 the Commission.

16  
17 **Q. Is Trico's net metering administrative charge of \$3.38 a cost-based rate?**

18 A. Yes, the net metering administrative charge is supported by the costs Trico has placed in  
19 evidence.

20  
21 **Q. What does a cost-based rate mean for Trico's members?**

22 A. Since the rate is cost-based, those causing the costs are those paying the costs. To the  
23 extent the rate does not cover all costs, e.g., the incremental meter facilities, or if the rate  
24 were lowered or eliminated, all Trico member/customers would pay to subsidize net  
25 metering customers.  
26

1 **Q. In its original filing, did Trico propose a charge for the incremental meter facilities**  
2 **cost?**

3 A. No. Trico did not propose a meter charge for net metering.  
4

5 **Q. Would a net metering meter charge be justified?**

6 A. If Trico had proposed a meter charge, Staff might have recommended approval of it.  
7 While investment-related costs for a standard meter are included in the standard  
8 residential rate customer charge, the cost of a net metering system is more than two times  
9 the standard meter. These costs are not included in the \$3.38 administrative charge, but  
10 could justifiably be added to it. Trico estimates this incremental monthly cost to be \$1.29.  
11

12 **Q. Is Trico's net metering administrative charge just and reasonable?**

13 A. Yes, the net metering administrative charge of \$3.38, as originally recommended by Staff  
14 and approved by the Commission, is appropriate.  
15

16 **CONCLUSION**

17 **Q. What does Staff conclude from the evidence provided in this case?**

18 A. Staff finds that Trico's net metering administrative charge of \$3.38 per month, as  
19 originally recommended by Staff and approved by the Commission, is reasonable, cost-  
20 based, and in compliance with the Net Metering rules.  
21

22 **Q. Does Staff believe that an evidentiary hearing on this matter is necessary?**

23 A. Based on the information presented, Staff does not believe that an evidentiary hearing is  
24 necessary.

25 **Q. Does this conclude your direct testimony?**

26 A. Yes, it does.



## RESUME

**BARBARA KEENE**

### Education

B.S. Political Science, Arizona State University (1976)  
M.P.A. Public Administration, Arizona State University (1982)  
A.A. Economics, Glendale Community College (1993)

### Additional Training

Management Development Program - State of Arizona, 1986-1987  
UPLAN Training - LCG Consulting, 1989, 1990, 1991  
various seminars, workshops, and conferences on ratemaking, energy efficiency, rate design, computer skills, labor market information, training trainers, and Census products

### Employment History

**Arizona Corporation Commission, Utilities Division, Phoenix, Arizona: Public Utilities Analyst Manager (May 2005-present).** Supervise the energy portion of the Telecommunications and Energy Section. Conduct economic and policy analyses of public utilities. Coordinate working groups of stakeholders on various issues. Prepare Staff recommendations and present testimony on electric resource planning, rate design, special contracts, energy efficiency programs, and other matters.

**Arizona Corporation Commission, Utilities Division, Phoenix, Arizona: Public Utilities Analyst V (October 2001-May 2005), Senior Economist (July 1990-October 2001), Economist II (December 1989-July 1990), Economist I (August 1989-December 1989).** Conduct economic and policy analyses of public utilities. Coordinate working groups of stakeholders on various issues. Prepare Staff recommendations and present testimony on electric resource planning, rate design, special contracts, energy efficiency programs, and other matters. Responsible for maintaining and operating UPLAN, a computer model of electricity supply and production costs.

**Arizona Department of Economic Security, Research Administration, Economic Analysis Unit: Labor Market Information Supervisor (September 1985-August 1989), Research and Statistical Analyst (September 1984-September 1985), Administrative Assistant (September 1983-September 1984).** Supervised professional staff engaged in economic research and analysis. Responsible for occupational employment forecasts, wage surveys, economic development studies, and over 50 publications. Edited the monthly **Arizona Labor Market Information Newsletter**, which was distributed to about 4,000 companies and individuals.

### **Testimony**

Resource Planning for Electric Utilities (Docket No. U-0000-90-088), Arizona Corporation Commission, 1990; testimony on production costs and system reliability.

Trico Electric Cooperative Rate Case (Docket No. U-1461-91-254), Arizona Corporation Commission, 1992; testimony on demand-side management and time-of-use and interruptible power rates.

Navopache Electric Cooperative Rate Case (Docket No. U-1787-91-280), Arizona Corporation Commission, 1992; testimony on demand-side management and economic development rates.

Arizona Electric Power Cooperative Rate Case (Docket No. U-1773-92-214), Arizona Corporation Commission, 1993; testimony on demand-side management, interruptible power, and rate design.

Tucson Electric Power Company Rate Case (Docket Nos. U-1933-93-006 and U-1933-93-066) Arizona Corporation Commission, 1993; testimony on demand-side management and a cogeneration agreement.

Resource Planning for Electric Utilities (Docket No. U-0000-93-052), Arizona Corporation Commission, 1993; testimony on production costs, system reliability, and demand-side management.

Duncan Valley Electric Cooperative Rate Case (Docket No. E-01703A-98-0431), Arizona Corporation Commission, 1999; testimony on demand-side management and renewable energy.

Tucson Electric Power Company vs. Cyprus Sierrita Corporation, Inc. (Docket No. E-0000I-99-0243), Arizona Corporation Commission, 1999; testimony on analysis of special contracts.

Arizona Public Service Company's Request for Variance (Docket No. E-01345A-01-0822), Arizona Corporation Commission, 2002; testimony on competitive bidding.

Generic Proceeding Concerning Electric Restructuring Issues (Docket No. E-00000A-02-0051), Arizona Corporation Commission, 2002; testimony on affiliate relationships and codes of conduct.

Tucson Electric Power Company's Application for Approval of New Partial Requirements Service Tariffs, Modification of Existing Partial Requirements Service Tariff 101, and Elimination of Qualifying Facility Tariffs (Docket No. E-01933A-02-0345) and Application for Approval of its Stranded Cost Recovery (Docket No. E-01933A-98-0471), Arizona Corporation Commission, 2002, testimony on proposals to eliminate, modify, or introduce tariffs and testimony on the modification of the Market Generation Credit.

Arizona Public Service Company's Application for Approval of Adjustment Mechanisms (Docket No. E-01345A-02-0403), Arizona Corporation Commission, 2003, testimony on the proposed Power Supply Adjustment and the proposed Competition Rules Compliance Charge.

Generic Proceeding Concerning Electric Restructuring Issues, et al (Docket No. E-00000A-02-0051, et al), Arizona Corporation Commission, 2003-2005; Staff Report and testimony on Code of Conduct.

Arizona Public Service Company Rate Case (Docket No. E-01345A-03-0437), Arizona Corporation Commission, 2004; testimony on demand-side management, system benefits, renewable energy, the Returning Customer Direct Assignment Charge, and service schedules.

Arizona Electric Power Cooperative Rate Case (Docket No. E-01773A-04-0528), Arizona Corporation Commission, 2005; testimony on a fuel and purchased power cost adjustor, demand-side management, and rate design.

Trico Electric Cooperative Rate Case (Docket No. E-01461A-04-0607), Arizona Corporation Commission, 2005; testimony on the Environmental Portfolio Standard; demand-side management; special charges; and Rules, Regulations, and Line Extension Policies.

Arizona Public Service Company (Docket Nos. E-01345A-03-0437 and E-01345A-05-0526), Arizona Corporation Commission, 2005; testimony on the Plan of Administration of the Power Supply Adjustor.

Arizona Public Service Company Emergency Rate Case (Docket No. E-01345A-06-0009), Arizona Corporation Commission, 2006; testimony on bill impacts.

Arizona Public Service Company Rate Case (Docket Nos. E-01345A-05-0816, E-01345A-05-0826, and E-01345A-05-0827), Arizona Corporation Commission, 2006; testimony on funding for renewable resources, net metering, green pricing tariffs, and a Power Supply Adjustor surcharge.

Tucson Electric Power Company Filing to Amend Decision No. 62103 (Docket No. E-01933A-05-0650), Arizona Corporation Commission, 2007, testimony on demand-side management, time-of-use, direct load control, and renewable energy.

Consideration, Pursuant to A.R.S. § 40-252 to Modify Decision No. 67744 Relating to the Self-Build Option (Docket No. E-01345A-07-0420), Arizona Corporation Commission, 2008, testimony on the self-build option for Arizona Public Service Company.

Sempra Energy Solutions Application for Certificate of Convenience and Necessity (Docket No. E-03964A-06-0168), Arizona Corporation Commission, 2008, testimony on the overall fitness of Sempra Energy Solutions to provide competitive retail electric service in Arizona.

Tucson Electric Power Company Rate Case (Docket No. E-01933A-07-0402), Arizona Corporation Commission, 2008, testimony in support of the Settlement Agreement regarding renewable energy, demand-side management, Rules and Regulations, partial requirements service tariffs, interruptible tariff, demand response, and bill estimation.

Arizona Public Service Company Rate Case (Docket No. E-01345A-08-0172) Arizona Corporation Commission, 2009, testimony in support of the Settlement Agreement regarding fuel and power supply adjustment provisions, treatment of Schedule 3, demand-side management, and renewable energy.

### **Publications**

Author of the following articles published in the *Arizona Labor Market Information Newsletter*:

- "1982 Mining Employees - Where are They Now?" - September 1984
- "The Cost of Hiring" and "Arizona's Growing Industries" - January 1985
- "Union Membership - Declining or Shifting?" - December 1985
- "Growing Industries in Arizona" - April 1986
- "Women's Work?" - July 1986
- "1987 SIC Revision" - December 1986
- "Growing and Declining Industries" - June 1987
- "1986 DOT Supplement" and "Consumer Expenditure Survey" - July 1987
- "The Consumer Price Index: Changing With the Times" - August 1987
- "Average Annual Pay" - November 1987
- "Annual Pay in Metropolitan Areas" - January 1988
- "The Growing Temporary Help Industry" - February 1988
- "Update on the Consumer Expenditure Survey" - April 1988
- "Employee Leasing" - August 1988
- "Metropolitan Counties Benefit from State's Growing Industries" - November 1988
- "Arizona Network Gives Small Firms Helping Hand" - June 1989

Major contributor to the following books published by the Arizona Department of Economic Security:

- Annual Planning Information* - editions from 1984 to 1989
- Hispanics in Transition* - 1987

(with David Berry) "Contracting for Power," *Business Economics*, October 1995.

(with Robert Gray) "Customer Selection Issues," *NRRI Quarterly Bulletin*, Spring 1998.

### Reports

(with Task Force) *Report of the Task Force on the Feasibility of Implementing Sliding Scale Hookup Fees*. Arizona Corporation Commission, 1992.

*Customer Repayment of Utility DSM Costs*, Arizona Corporation Commission, 1995.

(with Working Group) *Report of the Participants in Workshops on Customer Selection Issues*," Arizona Corporation Commission, 1997.

"DSM Workshop Progress Report," Arizona Corporation Commission, 2004.

(with Erin Casper) "Staff Report on Demand Side Management Policy," Arizona Corporation Commission, 2005.

"Staff Report on Interconnection for the Generic Investigation of Distributed Generation," Arizona Corporation Commission, 2007.